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STATE FOR WHA/CAR (BUDDEN), WHA/EPSC (SLATTERY)

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SUBJECT: JAMAICA: BUDGET DEBATE PRESAGES UPCOMING ELECTIONS

This message is sensitive but unclassified, please handle accordingly.

**¶1.** (U) Summary: Each year, the budget debates captivate Jamaicans as each party presents its vision for the country, thinly veiled as a presentation of the budget for the fiscal year. With elections due to be called by October 2007, this year was expected to be particularly grandiose. The opposition Jamaica Labor Party (JLP) emphasized job creation under the slogan "Is it time for a change?" while the ruling People's National Party (PNP) made generous promises without specifying how they would be financed. End summary.

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Opposition on the Offensive  
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**¶2.** (U) The leader of the opposition Jamaica Labor Party, Bruce Golding, set out a budget that was designed as an election manifesto. It showed a clear grasp of the key challenges facing the country, but more importantly spoke directly to the urban and rural poor, a group that the JLP has failed to capture in the past.

**¶3.** (U) Golding made much use of Jamaican patois, a common tactic among politicians looking to appeal to the poor demographic. Typically, the JLP is seen as the party of the middle-class intelligentsia, less populist than the ruling People's National Party. Knowing that he has their vote secured, Golding wanted to move beyond this constituency. In a similar vein, he quoted several times from the Bible and popular song lyrics, employing a trademark tactic of Prime Minister Portia Simpson Miller (PSM).

**¶4.** (U) Golding's speech also hammered the record of the PNP, which has been in power for 18 years. He drew a grim picture of life under PNP rule, noting that in the ten years from 1997, Jamaica had grown by a total of only 9.6 percent - only Haiti has suffered a more anemic rate. He mocked the official government statistics claiming that the unemployment rate in Jamaica was below 10 percent. "If you define healthy people as those who don't have polio, then you can declare almost everyone in Jamaica to be healthy," he said, referencing the government statisticians who count at least one hour per week of work to be "employed."

**¶5.** (U) He used unemployment to segue into the major theme of his speech: job creation. Under this rubric, he touched on the need for a revitalized agency to aggressively pursue foreign investment, an emphasis on education and training (specifically calling for an abolition of secondary school fees), and a specific national development plan similar to one developed by JLP eminence grise Edward Seaga in the late 1960s, which set specific targets for investment in each of the 14 parishes in Jamaica.

**¶6.** (U) Being a tour d'horizon of Jamaica, however, the speech was short on details of how his measures would be implemented, and in some areas presented a danger of contradiction. For example, Golding noted Jamaica's debt burden and its pervasive crime, both of which stifle growth. But in the same speech he called for eliminating hospital fees for diagnostic services, abolishing secondary school fees, and injecting increased funds into the police force. Less clear was how he intended to fund such measures without the fiscal deficit skyrocketing. His proposal to mechanize the ailing sugar industry to make it more efficient, also, conveniently neglected to address the issue of how such technology would displace thousands of workers on rural plantations.

**¶7.** (U) As a piece of pre-election rhetoric, however, Golding achieved his objective. Repeating what is sure to be the JLP's slogan on the campaign trail, "Is it time for a change?", Golding thrilled supporters in the gallery of Parliament.

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Portia Rallies the Poor  
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**¶8.** (U) Prime Minister Portia Simpson Miller, by contrast, presented a poorly prepared, reactive budget. As expected, it has been characterized in the media as a "bag of goodies" budget that was designed to woo voters with promises of handouts and benefits, without offering any new tax measures to pay for them. It lacked a cohesive framework and vision, instead merely listing items that would be offered to the electorate.

**¶9.** (U) Chief among these, and the one most closely

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scrutinized in the days since her presentation, is the abolition of all hospital fees for persons up to the age of **¶18.** It became obvious, however, that her flagship announcement had been hastily prepared after Golding's speech. In a post-speech press conference, PSM was unable to explain which fees would be exempted, or any other details of the measure. The next day, the Permanent Secretary from the Ministry of Health, Grace Allen-Young, admitted on national radio that she had received the directive to abolish hospital fees after Golding's speech.

**¶10.** (U) That was not PSM's only treat, however. She also promised:

-- an increase in the National Housing Trust loan ceiling for the poor;

-- the establishment of a new children's hospital in western Jamaica;

-- a JMD 2 billion (USD 30 million) subsidy for housing for sugar workers;

-- the extension of the "Highway 2000" toll road project;

-- the construction of a convention center in Montego Bay that even Ministry of Finance officials conceded would lose approximately USD 1 million per year; and,

-- the amendment of regulations that would allow more retirees to qualify for a state pension.

There were no new tax regimes proposed.

**¶11.** (SBU) PSM's promises, if they materialize, will carry enormous fiscal implications. A Ministry of Finance official, Courtney Williams (protect), confirmed that few of the promises ) most notably the hospital fees ) had been factored into the actual budget, and thus there would have to

be a revision of the estimate of the fiscal deficit. He also admitted that he was "expecting a call at any moment" from International Monetary Fund officials, who had recently met with him to discuss the country's deficit. He noted wryly that he was not looking forward to that call.

¶12. (SBU) Nevertheless, PSM will have satisfied her core supporters - the poor - with her flamboyant populist style and lavish promises. She also made much use of the pronoun "I" in an apparent attempt to separate herself from the party, which has become increasingly fractured and embattled (Post will report septel on PNP divisions). Media analysts have noted that to win the election, PSM must make a clear distinction between herself (new and different) and the party (old, arrogant, and predictable).

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Comment  
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¶13. (SBU) This year's budget debate can best be seen as the two parties' early election manifestos. Both contained promises of assistance and relief for the poor, whose votes will be the key to victory. Sadly, however, the budgets bear no resemblance to reality, which will be revealed after the elections. It seems that, this year at least, Jamaica is living up to its characterization by a former U.S. Ambassador, who noted that "Jamaicans applaud announcements, not implementation."  
Johnson